

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of DeWitt	County Clinton
Audit Date 6/30/05	Opinion Date 9/8/05	Date Accountant Report Submitted to State: 10/19/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.			
Street Address 3511 Coolidge Rd Suite 100		City East Lansing	State MI
		ZIP 48843	
Accountant Signature <i>Abraham & Gaffney, P.C.</i>		Date <i>10/17/05</i>	

**City of DeWitt
Clinton County, Michigan**

FINANCIAL STATEMENTS

June 30, 2005

City of DeWitt

Clinton County, Michigan

June 30, 2005

CITY COUNCIL AND ADMINISTRATION

Mr. Paul Opsommer	Mayor
Mr. Jim Rundborg	Mayor Pro Tem
Ms. Sue Erickson	Council Member
Mr. Ray Knick	Council Member
Mr. Tim Kangas	Council Member
Mr. Dave Hunsaker	Council Member
Mr. Ken Ross	Council Member
Mr. Jason Eppler	City Administrator
Ms. Lisa Grysen	City Treasurer
Ms. Denice Smith-Astalos	City Clerk

City of DeWitt

TABLE OF CONTENTS

June 30, 2005

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	i
MANAGEMENT'S DISCUSSION AND ANALYSIS	ii-vi
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds Balance Sheet	3-4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	6-7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Assets - Proprietary Funds	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Statement of Net Assets - Fiduciary Funds	12
Combining Statement of Net Assets - Component Unit	13
Statement of Activities - Component Unit	14
Notes to Financial Statements	15-30
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Budgetary Comparison Schedule	31-36
MAJOR SPECIAL REVENUE FUND	
Budgetary Comparison Schedule - Major Street	37
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	38-39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	40-41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	42-46
SCHEDULE OF DEBT OUTSTANDING	
1978 Clinton County Sanitary Sewage Treatment and Disposal No. 7 Bonds	47
1998 Michigan Transportation Fund Bonds	47
1991 Clinton County Water Supply System Bonds	47
1999 Building Authority Bonds	47
Limited Tax General Obligation Building Authority - Park Improvements Bonds	48
2004 Michigan Transportation Fund Bonds	48

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of DeWitt
DeWitt, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of DeWitt as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of DeWitt as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeWitt's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 8, 2005

This section of the City of DeWitt annual report presents our discussion and analysis of the City of DeWitt's financial performance during the year ended June 30, 2005. Please read it in conjunction with the City's financial statements, which immediately follow this section.

The City of DeWitt is in its second year of implementation of the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the City of DeWitt's management's discussion and analysis of the financial results for the fiscal year ended June 30, 2005.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of DeWitt financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and longer-term view of the finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds - the General Fund, Major Street (Special Revenue Fund), Building Authority Bonds (Debt Service Fund) and other smaller funds collectively as nonmajor governmental funds.

Government-Wide Financial Statements

One of the most important questions asked about the City is, "As a whole, what is the City's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the basic financial statements, report information on the City as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets (page 1) presents all of the City of DeWitt's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the City of DeWitt's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the City of DeWitt's net assets changed during fiscal year 2005. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods.

Both statements report the following activities:

- **Governmental Activities** - Most of the City DeWitt's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. This also includes the activities such as the major and local street maintenance, and debt service.
- **Business-type Activities** - These activities operate like private businesses. The City of DeWitt charges fees to recover the cost of the services provided. The City of DeWitt Water and Sewer System services are examples of such activities.
- **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the City of DeWitt Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the City of DeWitt. The City of DeWitt Downtown Development Authority (DDA) is a discretely presented component unit of the City.

As stated previously, the Government-wide financial statements are full accrual basis statements. However, the governmental funds report on a modified accrual basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources. Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types.

Fund Financial Statements

The fund level financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City of DeWitt uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by bond or grant agreements. Funds are also utilized to track specific operations; these include the internal services fund (e.g. Motor pool) as well as enterprise funds such as the Water and Sewer Fund.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

The City of DeWitt's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the City of DeWitt's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City of DeWitt's programs. Governmental funds include the General Fund, as well as special revenue, capital projects, debt service, and permanent funds.
- **Proprietary Funds** - Services for which the City of DeWitt charges customers a fee are generally reported in proprietary funds. Proprietary funds use the same accrual basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. Enterprise funds report activities that provide supplies and/or services to the general public. Internal Service funds report activities that provide supplies or service to the City of DeWitt's other operations, such as the Motor Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- **Fiduciary Funds** - The City of DeWitt acts as a trustee or fiduciary in certain instances. The City of DeWitt's fiduciary activities are reported in a separate statement of Net Assets on page 12. This fund is reported using the accrual basis of accounting. The government-wide statements exclude the fiduciary fund activities and balances because these assets are not available to the City of DeWitt to fund its operations.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 15 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue fund.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds are added together, by fund type, and are presented in a single aggregate column in the basic financial statements.

Summary of Net Assets:

The following summarizes the net assets as of June 30, 2005.

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current	\$1,637,772	\$1,672,993	\$962,370	\$1,201,816	\$2,600,142	\$2,874,809
Noncurrent	4,221,249	4,380,356	5,588,297	5,096,154	9,809,546	9,476,510
Total assets	5,859,021	6,053,349	6,550,667	6,297,970	12,409,688	12,351,319
Liabilities						
Current	246,203	205,797	53,972	50,819	300,175	256,616
Noncurrent	1,068,739	797,213	-	52,099	1,068,739	849,312
Total liabilities	1,314,942	1,003,010	8,827,338	102,918	1,368,914	1,105,928
Net Assets						
Invested in capital assets-						
net of related debt	2,746,416	3,434,361	4,263,105	4,227,599	7,009,521	7,661,960
Restricted	312,112	-	856,620	-	1,168,732	-0-
Unrestricted	1,485,551	1,615,978	1,376,970	1,967,453	2,862,521	3,583,431
Total net assets	\$4,544,079	\$5,050,339	\$6,496,695	\$6,195,052	\$11,040,774	\$11,245,391

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Results of Operations:

For the fiscal year ended June 30, 2005 and 2004, the Government-wide results of operations were:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenue:						
Charges for services	\$ 337,434	\$ 328,549	\$ 571,703	\$ 538,342	\$ 909,137	\$ 866,891
Operating grants and contributions	300,114	731,325	-	-	300,114	731,325
Capital grants and contributions	31,798	-	-	-	31,798	-0-
General revenues:						
Property taxes	1,635,493	1,585,325	-	-	1,635,493	1,585,325
State Revenue Sharing	396,164	-	-	-	396,164	-0-
Investment earnings	44,864	29,598	27,774	31,491	72,638	61,089
Equity in SCCMUA operations	-	-	139,361	-	139,361	-0-
Miscellaneous	142,824	325,282	94,347	43,181	237,171	368,463
Transfers	22,456	23,668	(22,456)	(23,668)	-0-	-0-
Total revenues and transfers	2,911,147	3,023,747	810,729	589,346	3,721,876	3,613,093
Expenses						
General government	1,273,825	826,291	-	-	1,273,825	826,291
Public safety	784,022	756,561	-	-	784,022	756,561
Public works	628,949	594,445	-	-	628,949	594,445
Recreation and cultural	162,492	180,122	-	-	162,492	180,122
Water & Sewer	-	-	640,486	766,660	640,486	766,660
Interest on long-term debt	44,695	38,817	-	-	44,695	38,817
Total expenses	2,893,983	2,396,236	640,486	766,660	3,534,469	3,162,896
Change in net assets	17,164	627,511	170,243	(177,314)	187,407	450,197
Net assets, beginning of year	5,050,339	4,422,828	6,195,052	6,372,366	11,245,391	10,795,194
Prior period adjustment	(523,424)	-	131,400	-	(392,024)	-0-
Net assets, end of year	\$ 4,544,079	\$ 5,050,339	\$ 6,496,695	\$ 6,195,052	\$ 11,040,774	\$ 11,245,391

Analysis of Results of Operations:

During fiscal year ended June 30, 2005, the City's net assets decreased by \$204,617. Several factors which helped cause the reduction are discussed in the following sections.

A. Governmental Fund Operating Results

The City's expenditures and other financing uses from governmental fund operations exceeded revenues and other financing sources by \$390,396 for the fiscal year ended June 30, 2005, mainly due to the payoff of the John Voltz drain (\$162,206) and the purchase of the Newman property (\$146,390).

B. Long-Term Debt Activities

The City reduced its long-term debt obligation during 2004-2005 by making principal payments of \$219,012. The City issued bonds in the amount of 450,000 for the Webb Road Reconstruction project. This makes the total long-term debt \$1,309,055 for 2004-2005. As a result of these activities, net City long-term debt liabilities increased by \$240,732.

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2005**

The City made principal payments on long-term debt obligations that reduced the amount of the City's long-term liabilities as follows:

	<u>Principal Balance June 30, 2004</u>	<u>Principal Payments</u>	<u>Principal Balance June 30, 2005</u>
1978 Sanitary Sewer Bonds	\$ 55,995	\$ 18,665	\$ 37,330
1999 Building Authority Bonds	695,000	70,000	625,000
2004 Transportation Bonds	-	-	450,000
Installment Purchase (Theil)	100,000	32,416	67,584
Compensated Absences	17,299	-	27,043
1991 Water Supply Bonds	100,029	47,931	52,098
1998 Transportation Bonds	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>
Total Long-Term Obligations	<u>\$ 1,068,323</u>	<u>\$ 219,012</u>	<u>\$ 1,309,055</u>

C. Net Investment in Capital Assets

The City's net investment in capital assets increased by \$585,699 during the fiscal year. This can be summarized as follows:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Balance June 30, 2005</u>
Capital assets	\$ 11,316,484	\$ 925,089	\$ 12,241,573
Less: accumulated depreciation	<u>(3,593,427)</u>	<u>(356,613)</u>	<u>(3,950,040)</u>
	7,723,057	568,476	8,291,533
Add: Land (not depreciated)	<u>592,903</u>	<u>17,223</u>	<u>610,126</u>
Net investment in capital outlay	<u>\$ 8,315,960</u>	<u>\$ 585,699</u>	<u>\$ 8,901,659</u>

Contacting the City's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Lisa Gysen, City Treasurer, City of DeWitt, 414 East Main Street, DeWitt, Michigan 48820.

BASIC FINANCIAL STATEMENTS

City of DeWitt

STATEMENT OF NET ASSETS

June 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 940,282	\$ 234,619	\$ 1,174,901	\$ 129,030
Investments	461,278	277,000	738,278	-
Receivables	133,098	450,751	583,849	-
Due from other governmental units	103,114	-	103,114	-
Total current assets	1,637,772	962,370	2,600,142	129,030
Noncurrent assets				
Investments in sewage treatment plant	-	907,887	907,887	-
Internal balances	(307,891)	307,891	-0-	-
Capital assets not being depreciated	552,810	57,316	610,126	-
Capital assets, net of accumulated depreciation	3,976,330	4,315,203	8,291,533	-
Total noncurrent assets	4,221,249	5,588,297	9,809,546	-0-
TOTAL ASSETS	5,859,021	6,550,667	12,409,688	129,030
LIABILITIES				
Current liabilities				
Accounts payable	18,149	-	18,149	3,525
Other accrued liabilities	23,438	1,874	25,312	-
Accrued interest payable	15,605	-	15,605	-
Due to other governmental units	793	-	793	-
Current portion of compensated absences	16,226	-	16,226	-
Current portion of long-term debt	171,992	52,098	224,090	-
Total current liabilities	246,203	53,972	300,175	3,525
Noncurrent liabilities				
Noncurrent portion of compensated absences	10,817	-	10,817	-
Noncurrent portion of long-term debt	1,057,922	-	1,057,922	-
Total noncurrent liabilities	1,068,739	-0-	1,068,739	-0-
TOTAL LIABILITIES	1,314,942	53,972	1,368,914	3,525
NET ASSETS				
Invested in capital assets, net of related debt	2,746,416	4,263,105	7,009,521	-
Restricted for:				
SCCMUA operations	-	856,620	856,620	-
Other purposes	312,112	-	312,112	-
Unrestricted	1,485,551	1,376,970	2,862,521	125,505
TOTAL NET ASSETS	\$ 4,544,079	\$ 6,496,695	\$ 11,040,774	\$ 125,505

See accompanying notes to financial statements.

City of DeWitt

STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities
Primary government:						
Governmental activities:						
General government	\$ 1,273,825	\$ 102,538	\$ 1,881	\$ -	\$ (1,169,406)	\$ -
Public safety	784,022	16,248	11,315	-	(756,459)	-
Public works	628,949	200,286	286,918	22,797	(118,948)	-
Community and economic development	-	10,401	-	9,001	19,402	-
Recreation and cultural	162,492	7,961	-	-	(154,531)	-
Interest on long-term debt	44,695	-	-	-	(44,695)	-
Total governmental activities	2,893,983	337,434	300,114	31,798	(2,224,637)	-0-
Business-type activities:						
Water and Sewer Fund	640,486	571,703	-	-	-	(68,783)
Total primary government	\$ 3,534,469	\$ 909,137	\$ 300,114	\$ 31,798	(2,224,637)	(68,783)
Component unit:						
Downtown Development Authority	\$ 111,495	\$ -0-	\$ -0-	\$ -0-	-0-	(111,495)
General revenues:						
Property taxes					1,635,493	70,764
State shared revenues					396,164	-
Investment earnings					44,864	2,597
Equity in SCCMUA operations					-	-
Miscellaneous					142,824	24,462
Transfers					22,456	-
Total general revenues and transfers					2,241,801	97,823
Change in net assets					17,164	(13,672)
Net assets, beginning of the year					5,050,339	139,177
Prior period adjustments					(523,424)	-
Net assets, end of the year					\$ 4,544,079	\$ 125,505

See accompanying notes to financial statements.

City of DeWitt

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2005

		Special Revenue	Debt Service
		Major	Building
	General	Street	Authority
			Bonds
ASSETS			
Cash and cash equivalents	\$ 604,014	\$ 4,005	\$ 5,334
Investments	285,000	125,000	41,278
Receivables			
Accounts	64,797	-	-
Taxes	55	-	-
Special assessments	-	53,976	-
Interest	4,546	1,422	-
Net leasehold receivable	-	-	625,000
Due from other governmental units			
Local	1,574	-	-
Federal/State	55,130	33,080	-
TOTAL ASSETS	<u>\$ 1,015,116</u>	<u>\$ 217,483</u>	<u>\$ 671,612</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Payables			
Accounts	\$ 18,107	\$ -	\$ -
Wages	10,851	-	-
Other accrued liabilities	12,587	-	-
Due to other governmental units	793	-	-
Advance from other funds	307,891	-	-
Deferred revenue	-	53,469	625,000
TOTAL LIABILITIES	350,229	53,469	625,000
FUND BALANCES			
Reserved for			
Debt service	-	-	46,612
Cemetery maintenance	-	-	-
Unreserved			
Designated for subsequent year's expenditures	105,058	20,220	-
Undesignated, reported in:			
General fund	559,829	-	-
Special revenue funds	-	143,794	-
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>664,887</u>	<u>164,014</u>	<u>46,612</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,015,116</u>	<u>\$ 217,483</u>	<u>\$ 671,612</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 247,145	\$ 860,498
10,000	461,278
-	64,797
-	55
8,240	62,216
62	6,030
-	625,000
-	1,574
13,330	101,540
<u>\$ 278,777</u>	<u>\$ 2,182,988</u>

\$ -	\$ 18,107
-	10,851
-	12,587
-	793
-	307,891
7,617	686,086

7,617	1,036,315
-------	-----------

257	46,869
91,409	91,409
18,905	144,183
-	559,829
148,557	292,351
12,032	12,032
<u>271,160</u>	<u>1,146,673</u>
<u>\$ 278,777</u>	<u>\$ 2,182,988</u>

City of DeWitt

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2005

Total fund balance - governmental funds **\$ 1,146,673**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 6,050,805	
Accumulated depreciation is	<u>(1,521,665)</u>	
Capital assets, net		4,529,140

Internal Service Funds are used by management to charge the costs
of certain activities to individual funds. The assets and liabilities
of the Internal Service Funds are included in the governmental activities
in the Government-wide Statement of Net Assets.

Net assets of the governmental activities accounted for in the Internal Service Funds	297,352	
Net capital assets of the Internal Service Funds included in total capital assets above	<u>(217,610)</u>	
		79,742

Long-term receivables are not available to pay for current period expenditures
and therefore are not reported as assets in the funds.
Long-term receivables at year end consist of:

Special assessment receivable		61,086
-------------------------------	--	--------

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the Governmental Funds Balance Sheet.
Long-term liabilities at year-end consist of:

Long-term debt payable	\$ 1,229,914	
Accrued interest payable	15,605	
Compensated absences	<u>27,043</u>	
		<u>(1,272,562)</u>

Net assets of governmental activities		<u><u>\$ 4,544,079</u></u>
--	--	-----------------------------------

See accompanying notes to financial statements.

City of DeWitt

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2005

		Special Revenue	Debt Service
	General	Major Street	Building Authority Bonds
REVENUES			
Taxes	\$ 1,635,493	\$ -	\$ -
Licenses and permits	1,645	-	-
Intergovernmental	406,327	204,517	-
Charges for services	239,698	-	-
Fines and forfeits	1,440	-	-
Interest and rents	44,793	4,492	1,954
Other	190,311	23,870	-
TOTAL REVENUES	2,519,707	232,879	1,954
EXPENDITURES			
Current			
General government	1,250,942	-	-
Public safety	769,011	-	-
Public works	351,472	727,372	-
Recreation and cultural	92,623	-	-
Debt service	35,212	54,825	100,910
Capital outlay	-	-	-
TOTAL EXPENDITURES	2,499,260	782,197	100,910
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,447	(549,318)	(98,956)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	450,000	-
Transfers in	-	-	100,560
Transfers out	(350,560)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(350,560)	450,000	100,560
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(330,113)	(99,318)	1,604
Fund balances, beginning of year	995,000	263,332	45,008
Prior period adjustment	-	-	-
Fund balances, end of year	\$ 664,887	\$ 164,014	\$ 46,612

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,635,493
76,393	78,038
82,401	693,245
2,825	242,523
3,983	5,423
5,075	56,314
17,227	231,408
187,904	2,942,444
5,512	1,256,454
3,842	772,853
388,120	1,466,964
-	92,623
22,455	213,402
3,000	3,000
422,929	3,805,296
(235,025)	(862,852)
-	450,000
272,456	373,016
-	(350,560)
272,456	472,456
37,431	(390,396)
264,359	1,567,699
(30,630)	(30,630)
\$ 271,160	\$ 1,146,673

City of DeWitt

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

Net change in fund balances - total governmental funds \$ (390,396)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 880,689	
Depreciation expense	<u>(208,481)</u>	
Excess of capital outlay over depreciation expense		672,208

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond proceeds	(450,000)	
Repayment of long-term debt	<u>171,081</u>	
		(278,919)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Increase in Net Assets of Internal Service Funds	6,586	
Capital asset additions of Internal Service Funds		
included in the total above	(85,744)	
Depreciation expense of the Internal Service Funds		
included in the total above	<u>61,262</u>	
		(17,896)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	44,285
---	--------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued interest payable	(2,374)	
(Increase) in accrued compensated absences	<u>(9,744)</u>	
		(12,118)

Change in net assets of governmental activities	<u><u>\$ 17,164</u></u>
--	-------------------------

See accompanying notes to financial statements.

City of DeWitt

Proprietary Funds

STATEMENT OF NET ASSETS

June 30, 2005

	Business-type Activities Enterprise (Water and Sewer)	Governmental Activities Internal Service (Motor Pool)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 234,619	\$ 79,784
Investments	277,000	-
Accounts receivable	18,507	-
Special assessments receivable	429,290	-
Accrued interest receivable	2,954	-
Total current assets	962,370	79,784
Noncurrent assets		
Advance to other funds	307,891	-
Investment in SCCMUA	907,887	-
Capital assets not being depreciated	57,316	-
Capital assets, net of accumulated depreciation	4,315,203	217,610
Total noncurrent assets	5,588,297	217,610
TOTAL ASSETS	6,550,667	297,394
LIABILITIES		
Current liabilities		
Accounts payable	-	42
Accrued interest payable	1,874	-
Current portion of long-term debt	52,098	-
TOTAL LIABILITIES	53,972	42
NET ASSETS		
Investment in capital assets, net of related debt	4,263,105	217,610
Restricted for SCCMUA operations	856,620	-
Unrestricted	1,376,970	79,742
TOTAL NET ASSETS	\$ 6,496,695	\$ 297,352

See accompanying notes to financial statements.

City of DeWitt

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS

Year Ended June 30, 2005

	Business-type Activities <u>Enterprise (Water and Sewer)</u>	Governmental Activities <u>Internal Service (Motor Pool)</u>
OPERATING REVENUES		
Charges for services	\$ 545,381	\$ -
Capital benefits	26,322	-
Equipment rental	-	124,987
Other	94,347	3,176
	<u>666,050</u>	<u>128,163</u>
TOTAL OPERATING REVENUES	666,050	128,163
OPERATING EXPENSES		
Public works		
Salaries and wages	37,011	-
Fringe benefits	21,337	-
Contractual services	332,840	650
Supplies	24,849	29,708
Insurance	1,176	11,233
Repairs and maintenance	5,635	19,707
Equipment rental	63,740	-
Depreciation	148,132	61,262
Other	56	548
	<u>634,776</u>	<u>123,108</u>
TOTAL OPERATING EXPENSES	634,776	123,108
OPERATING INCOME	31,274	5,055
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	27,774	1,531
Interest expense and fees	(5,710)	-
Equity interest in SCCMUA operations	139,361	-
	<u>161,425</u>	<u>1,531</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	161,425	1,531
INCOME BEFORE TRANSFERS	192,699	6,586
TRANSFERS		
Transfer out	(22,456)	-
CHANGE IN NET ASSETS	170,243	6,586
Net assets, beginning of year	6,195,052	290,766
Prior period adjustment	131,400	-
Net assets, end of year	<u>\$ 6,496,695</u>	<u>\$ 297,352</u>

See accompanying notes to financial statements.

City of DeWitt

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended June 30, 2005

	Business-type Activities Enterprise (Water and Sewer)	Governmental Activities Internal Service (Motor Pool)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 683,887	\$ -
Cash receipts from interfund activities	-	128,163
Cash paid to employees	(37,011)	-
Cash paid to vendors	(450,648)	(61,903)
Cash paid for interfund activities	(307,891)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(111,663)	66,260
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out	(22,456)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital acquisitions	(61,623)	(85,744)
Interest expense	(5,710)	-
Payments on borrowings	(47,931)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(115,264)	(85,744)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	27,774	1,531
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(221,609)	(17,953)
Cash and cash equivalents, beginning of year	456,228	97,737
Cash and cash equivalents, end of year	<u>\$ 234,619</u>	<u>\$ 79,784</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income	\$ 31,274	\$ 5,055
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	148,132	61,262
Decrease in receivables	17,837	-
(Increase) in advance to other funds	(307,891)	-
(Decrease) in accounts payable	(1,015)	(57)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (111,663)</u>	<u>\$ 66,260</u>

See accompanying notes to financial statements.

City of DeWitt

Fiduciary Fund

STATEMENT OF NET ASSETS

June 30, 2005

Current Tax
Collection

ASSETS

Cash and cash equivalents

\$ 5,126

LIABILITIES

Due to individuals and agencies

\$ 5,126

See accompanying notes to financial statements.

City of DeWitt

Component Unit

STATEMENT OF NET ASSETS

June 30, 2005

Downtown
Development
Authority

ASSETS

Current

Cash and cash equivalents

\$ 129,030

LIABILITIES

Current

Accounts payable

3,525

NET ASSETS

Unrestricted

\$ 125,505

See accompanying notes to financial statements

City of DeWitt

Component Unit

STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

	<u>Downtown Development Authority</u>
Program expenses	
Community and economic development	\$ 111,495
Program revenues	<u>-</u>
NET PROGRAM EXPENSES	(111,495)
General revenues	
Property taxes	70,764
Investment earnings	2,597
Miscellaneous	<u>24,462</u>
TOTAL GENERAL REVENUES	<u>97,823</u>
CHANGE IN NET ASSETS	(13,672)
Net assets, beginning of the year	<u>139,177</u>
Net assets, end of the year	<u><u>\$ 125,505</u></u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under an elected City Council, which consists of the Mayor and six (6) council members, with daily activities operated by the City Administrator, Clerk, and Treasurer. The City provides services to its more than 4,500 residents in many areas including law enforcement, fire protection, sewer, transportation, and parks and recreation.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity*; and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the City of DeWitt (primary government), and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

2. Blended Component Unit

The Building Authority is governed by a four (4) member board appointed by the City Council. Its purpose is to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, and the necessary site or sites therefore for the use of the City.

3. Discretely Presented Component Unit

The Downtown Development Authority (component unit) is reported in a separate column to emphasize that, while legally separate, the City of DeWitt remains financially accountable for this entity or the nature and significance of the relationship between this entity and the City of DeWitt is such that exclusion of this entity would render the financial statements misleading or incomplete.

The governing body of the Downtown Development Authority (DDA) is appointed by the City Council, the Authority's budget is subject to the approval of the City Council, the City temporarily relinquishes part of its tax base to the Authority (tax increment revenues), and the City has pledged its full faith and credit toward payment of the Authority's debt. This component unit is audited individually and complete financial statements may be obtained from the City's administrative office.

4. Joint Ventures

The City of DeWitt is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. The City of DeWitt currently is represented by one (1) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority. A copy of SCCMUA's audit can be obtained at their administrative offices.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Joint Ventures - continued

The members of the Authority and approximate percentage of responsibility are as follows:

City of DeWitt	11%
DeWitt Charter Township	56%
Watertown Township	16%
Bath Charter Township	17%

For the year ended June 30, 2005, the City of DeWitt contributed \$322,249 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at June 30, 2005, of the cumulative effect of SCCMUA operations relating to the City's equity share in the joint venture from inception-to-date. The City of DeWitt had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the City of DeWitt transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended June 30, 2000.

The City of DeWitt is a member of the DeWitt Area Recreation Authority, which is a joint venture between the City of DeWitt and DeWitt Charter Township. The Authority was established in 2003 to provide recreation services. The Authority's activities are overseen by a six (6) member board of Directors, with each municipality appointing three (3) members. Each municipality provides annual appropriations to subsidize operations. The current funding formula approved by the Authority requires DeWitt Charter Township and the City of DeWitt to provide approximately 56 and 44 percent, respectively. In 2005 the City contributed \$58,822. A copy of the DeWitt Area Recreation Authority's audit can be obtained from DeWitt Charter Township's administrative offices.

The DeWitt Area Emergency Services Authority was created in 2001 by a joint venture agreement between the Townships of Olive and Riley and the City of DeWitt. Each municipality appoints two (2) members to the Board. The Fire Chief oversees the day-to-day operations of the Authority. In 2005 the City contributed \$119,529. A copy of the DeWitt Area Emergency Services Authority's audit can be obtained from the City of DeWitt's administrative offices.

5. Jointly Governed Organizations

The City participates in the following activity which is considered to be a jointly governed organization in relation to the City, due to there being no ongoing financial interest or responsibility:

Under Public Act 24 of 1989, the City of DeWitt, in conjunction with DeWitt Charter Township, created the DeWitt Public Library which is considered a District Library. The DeWitt Public Library board is composed of three (3) members appointed by each municipality. The City has no financial responsibility to the Library.

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation - continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONTINUED

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the City are:

- a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Major Street Fund is used to account for the financial resources that are used for repairs and maintenance of the City's major streets.
- c. The Building Authority Bond Fund is used to account for the financial resources that are used to retire the Building Authority Bonds.
- d. The Water and Sewer Fund is used to account for the operations required to provide water and sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

7. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for agency funds since assets equal liabilities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and agency funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The City Administrator submits to Mayor and City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to July 1, the budget is legally enacted through passage of resolution.
- d. The budget is legally adopted at the total expenditure level for the General Fund and the Special Revenue Funds; however, they are maintained at the account level for control purposes. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Budgets and Budgetary Accounting - continued

- e. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

10. Cash, Cash Equivalents, and Investments

The City pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and pooled investment accounts. Cash equivalents consist of temporary investments in mutual funds and certificates of deposit with original maturities of 90 days or less.

Investments include certificates of deposit with original maturities of greater than 90 days from the date of purchase. All certificates of deposit are stated at cost, which approximates market value. Investments are stated at cost.

11. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the City from special assessments, and taxes levied that have not been collected.

12. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS

Capital assets include land, buildings, equipment, vehicles, utility systems and infrastructure and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Structures and improvements	10 - 40 years
Machinery, furniture, and equipment	5 - 20 years
Vehicles	2 - 10 years
Infrastructure	20 - 25 years
Utility systems	25 - 100 years

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

14. Accrued Vacation and Sick Leave

Substantially all City employees are granted vacation hours up to a maximum of 160 hours at the employee's anniversary date. In the event of termination, an employee is paid for accumulated vacation hours up to the maximum.

Substantially all City employees are allowed to accrue sick hours up to a maximum of 480 hours. Fifty percent of unused sick time for the preceding 12 months may be paid on or about December 1 of each year. Employees are not paid for accumulated sick time in the event of termination.

The cost of the accumulated vacation, including related payroll taxes, is recorded entirely in the government-wide financial statements.

15. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

16. Deferred Revenue

Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

17. Property Tax

The City of DeWitt bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City of DeWitt on July 1 and December 1 and are payable without penalty through September 30 and February 14, respectively. The July 1 levy is composed of the City's millage, special assessments, and school taxes. The December 1 levy is composed of County, school, and library taxes. All real property taxes not paid to the City by March 1 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits pay-off payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collection Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Property Tax - continued

The City is permitted by ordinance to levy taxes up to 17.3135 mills (\$17.3135 per \$1,000 of taxable valuation) for general governmental services. For the year ended June 30, 2005, the City levied 13.0000 mills per \$1,000 of taxable valuation for general governmental services. The total taxable value for the 2004 levy for the property within the City was \$124,330,277.

18. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

The Internal Service Fund (Motor Pool) records charges for services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

19. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City deposits consist of a common checking account and various savings accounts, checking accounts, pooled investment accounts, and certificates of deposit maintained by individual funds and are reported as cash and cash equivalents and investments on the basic financial statements.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State of the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), and the National Credit Union Administration (NCUA) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2005, the carrying amounts of the City's deposits were \$1,489,829 and the bank balance was \$1,581,734, of which \$1,429,107 was covered by federal depository insurance. The balance of \$152,627 was uninsured and uncollateralized. The City had \$1,275 of imprest cash on hand.

Investments

As of June 30, 2005, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>
Uncategorized pooled investment funds			
Government Cash Management Fund	\$ 504,000	\$ 504,000	26 days
MBIA - Michigan Class	<u>52,231</u>	<u>52,231</u>	29 days
	<u>\$ 556,231</u>	<u>\$ 556,231</u>	

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The City's investments in MBIA – Michigan Class and Government Cash Management Fund are not rated.

Interest rate risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

Concentration of credit risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUEDCustodial credit risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Council and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with Council approved policy.

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the basic financial statements, based on criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2005.

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Fiduciary Fund</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 1,174,901	\$ 129,030	\$ 5,126	\$ 1,309,057
Investments	<u>738,278</u>	<u>-</u>	<u>-</u>	<u>738,278</u>
	<u>\$ 1,913,179</u>	<u>\$ 129,030</u>	<u>\$ 5,126</u>	<u>\$ 2,047,335</u>

Due to significantly higher cash flow at certain periods during the year, the amount the City held as cash, cash equivalents and investments increased significantly. As a result, the amount of uninsured and uncollateralized cash, cash equivalents, and investments were substantially higher at these peak periods than at year-end.

NOTE C: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at June 30, 2005:

Advance from Water and Sewer Fund to:	
General Fund	<u>\$ 307,891</u>

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to Building Authority Bonds Fund from:	
General Fund	<u>\$ 100,560</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 250,000
Water and Sewer Fund	<u>22,456</u>
	<u>\$ 272,456</u>

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government

	<u>Restated Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 552,810	\$ -	\$ -	\$ 552,810
Capital assets being depreciated				
Buildings	1,117,015	-	-	1,117,016
Vehicles	567,358	85,743	-	653,101
Machinery and equipment	360,834	12,950	-	373,784
Infrastructure	<u>2,572,098</u>	<u>781,996</u>	<u>-</u>	<u>3,354,094</u>
Total capital assets being depreciated	4,617,306	880,689	-0-	5,497,995
Less accumulated depreciation				
Buildings	(313,994)	(27,798)	-	(341,792)
Vehicles	(374,229)	(61,262)	-	(435,491)
Machinery and equipment	(278,619)	(25,185)	-	(303,804)
Infrastructure	<u>(346,342)</u>	<u>(94,236)</u>	<u>-</u>	<u>(440,578)</u>
Total accumulated depreciation	<u>(1,313,184)</u>	<u>(208,481)</u>	<u>-0-</u>	<u>(1,521,665)</u>
Net capital assets being depreciated	<u>3,304,122</u>	<u>672,208</u>	<u>-0-</u>	<u>3,976,330</u>
Total Net Capital Assets	<u>\$ 3,856,932</u>	<u>\$ 672,208</u>	<u>\$ -0-</u>	<u>\$ 4,529,140</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General government	\$ 85,424
Public safety	11,169
Public works	42,019
Recreation and cultural	<u>69,869</u>
Total Depreciation Expense	<u>\$ 208,481</u>

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE E: CAPITAL ASSETS - CONTINUED

	Restated Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Business-type activities				
Capital assets not being depreciated				
Land	\$ 40,093	\$ -	\$ -	\$ 40,093
Construction in progress	-	17,223	-	17,223
Subtotal	40,093	17,223	-0-	57,316
Capital assets being depreciated				
Buildings	1,400,000	-	-	1,400,000
Machinery and equipment	780,798	-	-	780,798
Infrastructure	4,518,380	44,400	-	4,562,780
Total capital assets being depreciated	6,699,178	44,400	-0-	6,743,578
Less accumulated depreciation				
Buildings	(708,000)	(28,000)	-	(736,000)
Machinery and equipment	(82,229)	(22,339)	-	(104,567)
Infrastructure	(1,490,014)	(97,793)	-	(1,587,807)
Total accumulated depreciation	(2,280,243)	(148,132)	-0-	(2,428,375)
Net capital assets being depreciated	4,418,935	(103,732)	-0-	4,315,203
Total Net Capital Assets	\$ 4,459,028	\$ (86,509)	\$ -0-	\$ 4,372,519

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2005.

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Amounts Due Within One Year
Governmental Activities					
1978 Sanitary Sewer Bonds	\$ 55,995	\$ -	\$ 18,665	\$ 37,330	\$ 18,665
1998 Transportation Bonds	100,000	-	50,000	50,000	50,000
1999 Building Authority Bonds	695,000	-	70,000	625,000	70,000
2004 Transportation Bonds	-	450,000	-	450,000	-
Installment Purchase	100,000	-	32,416	67,584	33,327
Compensated absences	17,299	9,744	-	27,043	16,226
	968,294	459,744	171,081	1,256,957	188,218
Business-type Activities					
Water and Sewer Fund					
1991 Water Supply Bonds	100,029	-	47,931	52,098	52,098
TOTAL REPORTING ENTITY	\$ 1,068,323	\$ 459,744	\$ 219,012	\$ 1,309,055	\$ 240,316

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE F: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENTGeneral Obligation Bonds

\$750,000 Clinton County Sewage Treatment and Disposal System No. 7 Bonds, Series B (City Share \$280,000) dated August 1, 1978, City share due in annual installments of \$18,665 through May 1, 2007, with interest at 6.50 percent, payable semi-annually. \$ 37,330

\$400,000 1998 Michigan Transportation Fund Bonds dated March 1, 1998, due in annual installments of \$50,000 through February 1, 2006, with interest at 4.55 percent, payable semi-annually. 50,000

\$975,000 Building Authority Bonds, Series 2002, dated February 1, 1999, due in annual installments ranging from \$65,000 to \$70,000 through May 1, 2014, with interest ranging from 4.10 to 4.80 percent, payable semi-annually. 625,000

\$450,000 2004 Michigan Transportation Fund Bonds dated December 1, 2004, due in annual installments ranging from \$45,000 to \$70,000 through October 1, 2013, with interest ranging from 2.35 to 3.70 percent, payable semi-annually. 450,000

\$ 1,162,330

Water and Sewer Supply System Revenue Bonds

\$1,140,000 Water Supply Bonds (City share \$474,517) dated April 1, 1991, City share due in annual installments of \$52,098 through May 1, 2006, with interest at 5.50 percent, payable semi-annually. \$ 52,098

Installment Purchase

\$100,000 Installment Purchase dated September 15, 2003, due in annual installments ranging from \$33,327 to \$34,257, with interest at 2.75 percent. \$ 67,584

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. The dollar amounts of these vested rights have been recorded in the government-wide financial statements. They amount to approximately \$27,043 at June 30, 2005.

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE F: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

Annual Requirements for Bonded Debt and Installment Loans

The annual requirement to pay the debt principal and interest outstanding for the following bonds and loan are as follows:

Primary Government

Year Ending June 30, _	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Installment Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 138,665	\$ 51,055	\$ 52,098	\$ 2,867	\$ 33,327	\$ 1,884
2007	133,665	39,520	-	-	34,257	955
2008	115,000	34,275	-	-	-	-
2009	120,000	30,015	-	-	-	-
2010	125,000	25,437	-	-	-	-
2011-2014	<u>530,000</u>	<u>50,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,162,330</u>	<u>\$ 230,954</u>	<u>\$ 52,098</u>	<u>\$ 2,867</u>	<u>\$ 67,584</u>	<u>\$ 2,839</u>

NOTE G: LONG-TERM LEASE

The Building Authority is a party to a long-term lease agreement for rental of land located behind City Hall, McGuire Park, Riverside Park, Sports Park, and River Trail Park, to the City of DeWitt, Michigan. The lease stipulates that fixed annual rentals will be paid to the Authority by the City of DeWitt, Michigan and such rentals are pledged exclusively for payment of principal and interest on the Building Authority bonds. In addition, the City pledges its unlimited tax, full faith, and credit as security under the lease. Fixed annual rental will cease after all bonds have been retired and advance rentals repaid on May 1, 2014. The lease agreement provides, further, that after all bonds are retired and advance rentals repaid, title to the land and buildings will vest to the City of DeWitt.

The long-term lease has been accounted for as a capital lease in the debt service fund. The net leasehold receivable represents the present value of future minimum lease payments due from the City. Revenue represented by the noncurrent portion of the receivable is deferred until it becomes a current receivable. Future minimum lease payments scheduled to be received by the Authority from the City are as follows:

2006	\$ 97,760
2007	94,890
2008	91,950
2009	88,940
2010	85,860
2011	82,780
2012	79,630
2013	76,410
2014	<u>68,120</u>
Less: Interest portion	(<u>141,340</u>)
	<u>\$ 625,000</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE H: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balances are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the City has set aside for specific purposes.

The following are the various reserved fund balances as of June 30, 2005:

Fund Balances

Building Authority Bonds	
Reserved for debt service	\$ 46,612
Nonmajor governmental funds	
Reserved for debt service	257
Reserved for cemetery perpetual care	91,409
	<u>\$ 91,666</u>

The following are the various designated fund balances as of June 30, 2005:

Fund Balances

General Fund	
Designated for subsequent year's expenditures	\$ 105,058
Major Street Fund	
Designated for subsequent year's expenditures	\$ 20,220
Nonmajor governmental funds	
Designated for fund expenditures	\$ 18,905

NOTE I: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of June 30, 2005:

PRIMARY GOVERNMENT

Governmental activities	
Restricted for other purposes	
Cemetery perpetual care	\$ 91,409
Drug law enforcement	3,382
Streets	<u>217,321</u>
Total governmental activities	<u>\$ 312,112</u>
Business-type activities	
Restricted for SCCMUA operations	<u>\$ 856,620</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE J: POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note H, the City provides post-employment health care benefits to all of its retired employees who meet eligibility requirements. Currently, the City is paying the health care premium for three (3) retirees. During the year, approximately \$15,911 was paid for post retirement health care.

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the new employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2009.

NOTE K: RETIREMENT PLANPlan Description

The City participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units, and requires a contribution from the City of 17.40% of gross wages for the general government, 13.86% of gross wages for the police union, and 18.82% of gross wages for the Department of Public Safety.

Annual Pension Cost

For year ended June 30, 2005 the City's annual pension cost of \$147,051 for the plan was equal to the City's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty years.

Three (3) year trend information

	Year Ended December 31,		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Actuarial value of assets	\$ 948,187	\$ 1,115,024	\$ 1,240,125
Actuarial accrued liability (AAL) (entry age)	2,085,125	2,478,429	2,764,318
Unfunded AAL	1,136,938	1,363,405	1,524,193
Funded ratio	45 %	45 %	45 %
Covered payroll	698,577	673,443	756,253
UAAL as a percentage of covered payroll	163 %	202 %	202 %

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE K: RETIREMENT PLAN - CONTINUED

	Year Ended June 30,		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Annual pension cost	\$ 137,071	\$ 140,472	\$ 147,051
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the MERS actuarial reports as of December 31, 2002, 2003, and 2004.

NOTE L: RISK MANAGEMENT

The City carries commercial insurance for the risk of loss due to workers' compensation claims.

The City also participates in a State pool, the Michigan Municipal Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The City has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

NOTE M: PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made during the year, which were the result of corrections of accounting errors. These adjustments were reported as changes to beginning fund balance and net assets, respectively. The effect on operations and other affected balances for the current and prior year are as follows:

	<u>2005</u>	<u>June 30,</u> <u>2004</u>	<u>Description</u>
PRIMARY GOVERNMENT			
Nonmajor governmental funds			
Capital assets, net	\$ -	\$(30,630)	Remove capital assets
Revenues over (under) expenditures	-	(30,630)	net of accumulated
Fund balance - beginning	(30,630)	-	depreciation from
			governmental fund
Business-type activities			
Water and Sewer Fund			
Capital assets, net	-	131,400	Correct understated
Change in net assets	-	131,400	capital assets
Net assets - beginning	131,400	-	
Governmental activities			
Capital assets, net	-	171,576	Correct understated
Change in net assets	-	171,576	capital assets, net of
Net assets - beginning	171,576	-	accumulated depreciation
Receivables	-	(695,000)	Correct overstated
Change in net assets	-	(695,000)	net leasehold receivable
Net assets - beginning	(695,000)	-	revenue

REQUIRED SUPPLEMENTARY INFORMATION

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Property taxes	1,572,820	1,572,885	\$ 1,572,885	\$ -0-
Penalties and interest	2,600	5,200	5,221	21
Administration fees	60,350	57,375	57,387	12
Total taxes	1,635,770	1,635,460	1,635,493	33
Licenses and permits				
Franchise fees	23,500	28,790	-	(28,790)
Other permits	2,597	1,642	1,645	3
Total licenses and permits	26,097	30,432	1,645	(28,787)
Intergovernmental				
State				
State shared revenue	390,000	396,100	396,164	64
State liquor license	1,340	1,175	1,176	1
Michigan justice training	1,750	1,550	1,558	8
Police grant	-	7,430	7,429	(1)
Total intergovernmental	393,090	406,255	406,327	72
Charges for services				
Sewer inspections	13,000	10,300	10,715	415
Refuse service	186,000	183,100	189,571	6,471
Site plan reviews	7,100	10,400	10,401	1
Park and recreation fees	3,100	7,500	7,511	11
Cemetery	26,195	20,585	20,634	49
Other fees	1,485	860	866	6
Total charges for services	236,880	232,745	239,698	6,953
Fines and forfeits				
Parking	1500	1265	1,265	-0-
Other	400	175	175	-0-
Total fines and forfeits	1,900	1,440	1,440	-0-
Interest and rents				
Interest	13,000	32,590	33,343	753
Rents	12,000	12,000	11,450	(550)
Total interest and rents	25,000	44,590	44,793	203

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES - CONTINUED				
Other				
Reimbursements	\$ 141,138	\$ 123,438	\$ 190,311	\$ 66,873
Other	-	37,618	-	(37,618)
Total other	141,138	161,056	190,311	29,255
TOTAL REVENUES	2,459,875	2,511,978	2,519,707	7,729
EXPENDITURES				
General government				
Legislative				
Salaries	13,475	11,075	10,990	85
Social Security	1,078	878	841	37
Sister city	2,250	2,250	2,244	6
Conference and travel	2,000	2,500	2,473	27
Memberships and dues	4,900	4,900	4,608	292
Miscellaneous	2,325	8,225	7,321	904
Total legislative	26,028	29,828	28,477	1,351
Administrator				
Salaries	150,601	150,471	149,533	938
Social security	11,502	12,502	12,420	82
Life insurance	2,840	2,340	2,323	17
Retirement	29,395	32,895	32,528	367
Deferred compensation	13,500	13,500	13,500	-0-
Equipment rentals	4,500	4,500	4,500	-0-
Conference and travel	3,000	2,500	1,955	545
Memberships and dues	1,020	1,020	992	28
Miscellaneous	150	50	38	12
Total administrator	216,508	219,778	217,789	1,989
Elections				
Salaries	4,800	4,800	4,650	150
Supplies	4,050	2,050	1,920	130
Miscellaneous	675	525	479	46
Capital outlay	-	330	325	5
Total elections	9,525	7,705	7,374	331
Assessor				
Assessing services	28,006	27,927	27,919	8
Miscellaneous	1,375	2,175	2,072	103
Capital outlay	25,000	4,000	3,280	720
Total assessor	54,381	34,102	33,271	831

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Clerk				
Salaries	\$ 50,500	\$ 50,500	\$ 50,220	\$ 280
Social security	4,077	4,077	3,844	233
Health insurance	11,443	10,643	10,375	268
Life insurance	1,150	1,150	896	254
Retirement	10,100	8,100	9,934	(1,834)
Conference and travel	1,000	1,000	866	134
Memberships and dues	210	410	393	17
Total clerk	78,480	75,880	76,528	(648)
Treasurer				
Salaries	50,500	52,000	51,646	354
Social security	4,040	4,040	3,902	138
Health insurance	13,552	12,452	12,339	113
Life insurance	1,085	985	1,023	(38)
Retirement	10,100	8,300	10,314	(2,014)
Conference and travel	1,000	100	97	3
Memberships and dues	232	225	225	-0-
Total treasurer	80,509	78,102	79,546	(1,444)
City Hall and Grounds				
Worker's compensation	16,585	8,585	8,264	321
Unemployment compensation	3,500	6,600	6,449	151
Supplies	23,000	26,000	25,061	939
Professional services	53,500	67,500	65,604	1,896
Refuse contract	119,700	126,700	114,486	12,214
Liability insurance	28,445	27,445	27,238	207
Recycling program	55,500	55,500	64,552	(9,052)
Telephone	8,300	7,300	6,383	917
Printing and publishing	15,500	11,000	10,547	453
Utilities	74,550	66,050	64,892	1,158
Repairs and maintenance	22,500	18,600	16,897	1,703
Equipment rental	900	800	792	8
Drains	34,000	195,000	194,144	856
Capital outlay	35,000	176,400	174,674	1,726
Total city hall and grounds	490,980	793,480	779,983	13,497

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Tree Commission				
Tree maintenance	\$ 13,250	\$ 15,025	\$ 15,021	\$ 4
Tree programs	250	275	269	6
Capital outlay	4,500	1,500	818	682
Total tree commission	18,000	16,800	16,108	692
Retiree benefits				
Health insurance	11,710	10,110	10,040	70
Other				
Other	850	2,000	1,826	174
Total general government	960,943	1,237,957	1,250,942	15,492
Public safety				
Safety/Training				
Operating supplies	200	-	-	-0-
Conference and travel	150	-	-	-0-
Training	375	-	-	-0-
	725	-0-	-0-	-0-
Police department				
Salaries	360,454	346,454	348,173	(1,719)
Social security	27,575	27,575	26,781	794
Health insurance	68,264	59,264	58,264	1,000
Life insurance	6,925	5,625	5,544	81
Retirement	52,489	50,489	60,185	(9,696)
Deferred compensation	4,500	4,500	4,310	190
Uniforms	6,950	5,250	4,747	503
Operating supplies	6,400	6,900	6,513	387
Detective services	6,000	4,350	4,350	-0-
Liability insurance	8,375	8,225	8,220	5
Telephone	2,750	(1,050)	444	(1,494)
Radio	6,340	8,790	7,256	1,534
Equipment rental	48,240	48,240	48,240	-0-
Conference and travel	450	-	-	-0-
Repairs and maintenance	1,750	750	353	397
Memberships and dues	490	290	288	2

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Public safety - continued				
Police department - continued				
Police training	\$ 2,500	\$ 9,200	\$ 9,017	\$ 183
Miscellaneous	1,500	1,500	1,414	86
Capital outlay	1,500	-	-	-0-
Total police	613,452	586,352	594,099	(7,747)
Fire				
Professional services	119,530	119,530	119,529	1
Utilities	225	225	147	78
Repairs and maintenance	3,000	1,500	908	592
Capital outlay	1,500	1,400	1,370	30
Total fire	124,255	122,655	121,954	701
Planning commission				
Professional services	35,000	55,000	52,469	2,531
Conference and travel	550	275	275	-0-
Operating supplies	200	100	39	61
Miscellaneous	150	-	175	(175)
Total planning commission	35,900	55,375	52,958	2,417
Total public safety	774,332	764,382	769,011	(4,629)
Public works				
Salaries	208,893	211,893	222,922	(11,029)
Social security	15,601	17,101	17,162	(61)
Health insurance	43,191	30,591	30,305	286
Life insurance	4,395	3,395	3,295	100
Retirement	38,818	27,818	34,030	(6,212)
Deferred compensation	13,123	11,123	10,239	884
Uniforms	4,100	4,850	4,643	207
Supplies	8,000	7,350	-	7,350
Telephone	3,350	3,250	3,158	92
Equipment	15,000	15,000	15,000	-0-
Conference and travel	150	-	-	-0-
Utilities	5,550	5,800	5,620	180
Repairs and maintenance	7,000	4,000	3,781	219
Miscellaneous	500	500	465	35
Capital outlay	2,350	1,350	852	498
Total public works	370,021	344,021	351,472	(7,451)

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Recreation and cultural				
Salaries	\$ 3,000	\$ 2,500	\$ 2,260	\$ 240
Social security	240	90	52	38
Operating supplies	11,800	6,800	7,046	(246)
Park programs	2,000	1,000	(15)	1,015
Professional services	63,000	59,000	58,822	178
Utilities	4,025	3,325	3,014	311
Repairs and maintenance	7,250	22,250	19,274	2,976
Capital outlay	2,000	3,500	2,170	1,330
Total recreation and cultural	93,315	98,465	92,623	5,842
Debt service				
Principal	32,416	32,416	32,416	-0-
Interest and fiscal agent charges	2,796	2,796	2,796	-0-
Total debt service	35,212	35,212	35,212	-0-
TOTAL EXPENDITURES	2,259,851	2,509,865	2,499,260	10,605
EXCESS OF REVENUES OVER EXPENDITURES	200,024	2,113	20,447	(2,876)
OTHER FINANCING USES				
Transfers out	(275,560)	(350,560)	(350,560)	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(75,536)	(348,447)	(330,113)	(2,876)
Fund balances, beginning of year	995,000	995,000	995,000	-0-
Fund balances, end of year	\$ 919,464	\$ 646,553	\$ 664,887	\$ (2,876)

City of DeWitt

Major Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 197,000	\$ 204,000	\$ 204,517	\$ 517
Interest				
Investments	400	4,400	4,492	92
Special assessments	188	-	-	-0-
Other				
Special assessments	710	20,710	22,499	1,789
Other	2,450	1,100	1,371	271
TOTAL REVENUES	200,748	230,210	232,879	2,669
EXPENDITURES				
Public works				
Salaries	15,825	17,625	16,737	888
Fringe benefits	9,495	9,395	8,501	894
Supplies	8,650	7,150	5,982	1,168
Professional services	420	200	200	-0-
Repairs and maintenance	10,000	12,500	8,364	4,136
Construction	664,500	684,500	674,864	9,636
Equipment rental	21,900	15,400	12,532	2,868
Miscellaneous	250	250	192	58
Total public works	731,040	747,020	727,372	19,648
Debt service				
Principal	50,000	50,000	50,000	-0-
Interest and fiscal charges	4,825	4,825	4,825	-0-
Total debt service	54,825	54,825	54,825	-0-
TOTAL EXPENDITURES	785,865	801,845	782,197	19,648
EXCESS OF REVENUES (UNDER) EXPENDITURES	(585,117)	(571,635)	(549,318)	22,317
OTHER FINANCING SOURCES				
Bond proceeds	400,000	450,000	450,000	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(185,117)	(121,635)	(99,318)	22,317
Fund balance, beginning of year	263,332	263,332	263,332	-0-
Fund balance, end of year	\$ 78,215	\$ 141,697	\$ 164,014	\$ 22,317

OTHER SUPPLEMENTARY INFORMATION

City of DeWitt

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2005

		Special	
	Local Street	Building Department	Public Improvement
ASSETS			
Cash and cash equivalents	\$ 29,916	\$ 42,997	\$ 57,259
Investments	10,000	-	-
Special assessment receivable	447	-	7,793
Interest receivable	62	-	-
Due from other governmental units			
State	13,330	-	-
TOTAL ASSETS	<u>\$ 53,755</u>	<u>\$ 42,997</u>	<u>\$ 65,052</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Deferred revenue	\$ 447	\$ -	\$ 7,170
FUND BALANCES			
Reserved for			
Debt service	-	-	-
Cemetery maintenace	-	-	-
Designated for subsequent year's expenditures	-	18,905	-
Unreserved			
Undesignated, reported in:			
Capital projects fund	-	-	-
Special revenue funds	53,308	24,092	57,882
TOTAL FUND BALANCES	<u>53,308</u>	<u>42,997</u>	<u>57,882</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53,755</u>	<u>\$ 42,997</u>	<u>\$ 65,052</u>

Revenues		Debt Service	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
Drug Law Enforcement	Special Donations	1978 Sewer	Building Authority	Cemetery Perpetual Care	
\$ 3,382	\$ 9,893	\$ 257	\$ 12,032	\$ 91,409	\$ 247,145
-	-	-	-	-	10,000
-	-	-	-	-	8,240
-	-	-	-	-	62
-	-	-	-	-	13,330
<u>\$ 3,382</u>	<u>\$ 9,893</u>	<u>\$ 257</u>	<u>\$ 12,032</u>	<u>\$ 91,409</u>	<u>\$ 278,777</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,617
-	-	257	-	-	257
-	-	-	-	91,409	91,409
-	-	-	-	-	18,905
-	-	-	12,032	-	12,032
<u>3,382</u>	<u>9,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,557</u>
<u>3,382</u>	<u>9,893</u>	<u>257</u>	<u>12,032</u>	<u>91,409</u>	<u>271,160</u>
<u>\$ 3,382</u>	<u>\$ 9,893</u>	<u>\$ 257</u>	<u>\$ 12,032</u>	<u>\$ 91,409</u>	<u>\$ 278,777</u>

City of DeWitt

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2005

	Local Street	Special Building Department	Public Improvement
REVENUES			
Licenses and permits	\$ -	\$ 76,393	\$ -
Intergovernmental			
State	82,401	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	945	629	1,693
Other			
Special assessments	298	-	9,001
Other	1,368	-	3,527
TOTAL REVENUES	85,012	77,022	14,221
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	320,043	68,047	30
Debt service			
Principal	-	-	-
Interest and fiscal agent fees	-	-	-
Capital outlay	-	-	1,200
TOTAL EXPENDITURES	320,043	68,047	1,230
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(235,031)	8,975	12,991
OTHER FINANCING SOURCES			
Transfers in	250,000	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	14,969	8,975	12,991
Fund balances, beginning of year	38,339	34,022	44,891
Prior period adjustment	-	-	-
Fund balances, end of year	\$ 53,308	\$ 42,997	\$ 57,882

Revenue		Debt Service	Capital Projects	Permanent	Total
Drug Law Enforcement	Special Donations	1978 Sewer	Building Authority	Cemetery Perpetual Care	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,393
-	-	-	-	-	82,401
-	-	-	-	2,825	2,825
3,983	-	-	-	-	3,983
90	168	5	-	1,545	5,075
-	-	-	-	-	9,299
-	3,033	-	-	-	7,928
4,073	3,201	5	-0-	4,370	187,904
-	-	-	1,050	4,462	5,512
2,569	1,273	-	-	-	3,842
-	-	-	-	-	388,120
-	-	18,665	-	-	18,665
-	-	3,790	-	-	3,790
-	-	-	1,800	-	3,000
2,569	1,273	22,455	2,850	4,462	422,929
1,504	1,928	(22,450)	(2,850)	(92)	(235,025)
-	-	22,456	-	-	272,456
1,504	1,928	6	(2,850)	(92)	37,431
1,878	7,965	251	14,882	122,131	264,359
-	-	-	-	(30,630)	(30,630)
\$ 3,382	\$ 9,893	\$ 257	\$ 12,032	\$ 91,409	\$ 271,160

City of DeWitt

Local Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 80,000	\$ 82,200	\$ 82,401	\$ 201
Interest				
Investments	550	825	945	120
Special assessments	350	40	-	(40)
Other				
Special assessments	-	148	298	150
Other	-	1,365	1,368	3
TOTAL REVENUES	80,900	84,578	85,012	434
EXPENDITURES				
Public works				
Salaries	15,100	12,100	10,802	1,298
Fringe benefits	9,060	6,660	6,481	179
Supplies	9,600	8,000	6,491	1,509
Professional services	25,475	30,975	44,053	(13,078)
Construction	175,000	257,500	240,464	17,036
Equipment rental	21,000	13,000	11,715	1,285
Miscellaneous	125	125	38	87
TOTAL EXPENDITURES	255,360	328,360	320,044	1,372
EXCESS OF REVENUES (UNDER) EXPENDITURES	(174,460)	(243,782)	(235,032)	8,750
OTHER FINANCING SOURCES				
Transfers in	175,000	250,000	250,000	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	540	6,218	14,968	8,750
Fund balance, beginning of year	38,339	38,339	38,339	-0-
Fund balance, end of year	<u>\$ 38,879</u>	<u>\$ 44,557</u>	<u>\$ 53,307</u>	<u>\$ 8,750</u>

City of DeWitt

Building Department Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 45,050	\$ 75,550	\$ 76,393	\$ 843
Interest	135	500	629	129
TOTAL REVENUES	45,185	76,050	77,022	972
EXPENDITURES				
Community and economic development				
Salaries	13,500	13,500	13,500	-0-
Fringe benefits	6,750	6,750	6,750	-0-
Supplies	1,475	1,475	1,479	(4)
Professional services	40,000	56,000	45,436	10,564
Memberships and dues	235	235	235	-0-
Administration costs	425	425	425	-0-
Miscellaneous	200	225	222	3
TOTAL EXPENDITURES	62,585	78,610	68,047	3
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,400)	(2,560)	8,975	11,535
Fund balance, beginning of year	34,022	34,022	34,022	-0-
Fund balance, end of year	<u>\$ 16,622</u>	<u>\$ 31,462</u>	<u>\$ 42,997</u>	<u>\$ 11,535</u>

City of DeWitt

Public Improvement Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest				
Investments	\$ 475	\$ 905	\$ 992	\$ 87
Special assessments	275	675	701	26
Other				
Special assessments	1,600	5,300	9,001	
Other	7,000	3,500	3,527	27
TOTAL REVENUES	9,350	10,380	14,221	140
EXPENDITURES				
Community and economic development				
Miscellaneous	125	50	30	20
Capital outlay	10,000	2,000	1,200	800
TOTAL EXPENDITURES	10,125	2,050	1,230	820
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(775)	8,330	12,991	4,661
Fund balance, beginning of year	44,891	44,891	44,891	-0-
Fund balance, end of year	<u>\$ 44,116</u>	<u>\$ 53,221</u>	<u>\$ 57,882</u>	<u>\$ 4,661</u>

City of DeWitt

Drug Law Enforcement Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and foreits	\$ -	\$ 3,982	\$ 3,983	\$ 1
Interest	10	70	90	20
TOTAL REVENUES	10	4,052	4,073	21
EXPENDITURES				
Public safety				
Forfeitures	-	2,608	2,561	47
Miscellaneous	-	10	8	2
TOTAL EXPENDITURES	-0-	2,618	2,569	49
EXCESS OF REVENUES OVER EXPENDITURES	10	1,434	1,504	70
Fund balance, beginning of year	1,878	1,878	1,878	-0-
Fund balance, end of year	<u>\$ 1,888</u>	<u>\$ 3,312</u>	<u>\$ 3,382</u>	<u>\$ 70</u>

City of DeWitt

Special Donations Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest on investments	\$ 41	\$ 152	\$ 168	\$ 16
Other				
Donations	-	3,005	3,033	28
TOTAL REVENUES	41	3,157	3,201	44
EXPENDITURES				
Public safety	3,150	1,375	1,273	102
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,109)	1,782	1,928	146
Fund balance, beginning of year	7,965	7,965	7,965	-0-
Fund balance, end of year	<u>\$ 4,856</u>	<u>\$ 9,747</u>	<u>\$ 9,893</u>	<u>\$ 146</u>

City of DeWitt

SCHEDULE OF BONDED DEBT OUTSTANDING

June 30, 2005

1978 Clinton County Sanitary Sewage Treatment and Disposal System No. 7 Bonds, Series B

Issue: \$ 280,000

Issue date: August 1, 1978

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bonds Maturing</u>	<u>Interest Due</u>	<u>Total Amount Due</u>
5/1/2006	6.50 %	\$ 18,665	\$ 2,426	\$ 21,091
5/1/2007	6.50	18,665	1,214	19,879
		<u>\$ 37,330</u>	<u>\$ 3,640</u>	<u>\$ 40,970</u>

1998 Michigan Transportation Fund Bonds

Issue: \$ 400,000

Issue date: March 1, 1998

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bonds Maturing</u>	<u>Interest Due</u>	<u>Total Amount Due</u>
2/1/2006	4.55 %	<u>\$ 50,000</u>	<u>\$ 2,275</u>	<u>\$ 52,275</u>

1991 Limited Tax General Obligation Clinton County Water Supply System Bonds

Issue: \$ 474,517

Issue date: April 1, 1991

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bonds Maturing</u>	<u>Interest Due</u>	<u>Total Amount Due</u>
5/1/2006	5.55 %	<u>\$ 52,098</u>	<u>\$ 2,867</u>	<u>\$ 54,965</u>

City of DeWitt

SCHEDULE OF BONDED DEBT OUTSTANDING

June 30, 2005

Limited Tax General Obligation Building Authority - Park Improvement Bonds

Issue: \$ 975,000

Issue date: February 1, 1999

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bonds Maturing</u>	<u>Interest Due</u>	<u>Total Amount Due</u>
5/1/2006	4.10 %	\$ 70,000	\$ 27,760	\$ 97,760
5/1/2007	4.20	70,000	24,890	94,890
5/1/2008	4.30	70,000	21,950	91,950
5/1/2009	4.40	70,000	18,940	88,940
5/1/2010	4.40	70,000	15,860	85,860
5/1/2011	4.50	70,000	12,780	82,780
5/1/2012	4.60	70,000	9,630	79,630
5/1/2013	4.70	70,000	6,410	76,410
5/1/2014	4.80	65,000	3,120	68,120
		<u>\$ 625,000</u>	<u>\$ 141,340</u>	<u>\$ 766,340</u>

2004 Michigan Transportation Fund Bonds

Issue: \$ 450,000

Issue date: December 1, 2004

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bonds Maturing</u>	<u>Interest Due</u>	<u>Total Amount Due</u>
10/1/2005	2.35 %	\$ -	\$ 18,594	\$ 18,594
10/1/2006	2.35	45,000	13,416	58,416
10/1/2007	2.50	45,000	12,325	57,325
10/1/2008	2.75	50,000	11,075	61,075
10/1/2009	2.95	55,000	9,577	64,577
10/1/2010	3.15	60,000	7,819	67,819
10/1/2011	3.35	60,000	5,871	65,871
10/1/2012	3.50	65,000	3,727	68,727
10/1/2013	3.70	70,000	1,295	71,295
		<u>\$ 450,000</u>	<u>\$ 83,699</u>	<u>\$ 533,699</u>